

Message Text

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E.O. 11652: N/A

TAGS: EMIN, CS

SUBJECT: VISIT OF SOVIET MISSION

REF: SAN JOSE 0786

1. AN AIDE MEMOIRE WITH TWO ANNEXES WAS SIGNED MARCH 9 SETTING FORTH THE RESULTS OF THE VISIT OF THE SOVIET TECHNICAL MISSION WHICH HAS BEEN IN THE COUNTRY SINCE FEBRUARY 24, PRINCIPALLY TO STUDY THE POSSIBILITY OF COOPERATION IN THE BORUCA HYDROELECTRIC PROJECT OR THE RELATED ALUMINUM SMELTER PROJECT. THE AIDE MEMOIRE WAS SIGNED BY THE CHIEF OF THE SOVIET DELEGATION, DR. ROMUALD TOMBERG, AND BY THE COSTA RICAN AMBASSADOR TO THE USSR, FERNANDO BERROCAL SOTO. AT THE SIGNING CEREMONY FOREIGN MINISTER GONZALO FACIO THANKED THE SOVIET TECHNICAL MISSION FOR ITS COLLABORATION IN THE STUDY OF VARIOUS PROJECTS AND DECLARED THAT COSTA RICA'S RELATIONS WITH THE SOCIALIST WORLD ARE A LOGICAL CONSEQUENCE OF THE IDEOLOGICAL PLURALISM THAT COSTA RICA HAS DEVELOPED.

2. WITH RESPECT TO THE BORUCA HYDROELECTRIC PROJECT, THE AIDE MEMOIRE STATED THAT BOTH SIDES "RECOGNIZE
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THE NECESSITY FOR REALIZATION OF ADDITIONAL STUDIES" AND NOTED THAT "THIS WORK HAS BEEN DEFERRED BY COSTA RICA, GIVEN ITS HIGH COST, UNTIL THE TECHNICAL, ECONOMIC AND FINANCIAL VIABILITY OF THE PROJECT HAS BEEN COMPLETELY DETERMINED." THE AIDE MEMOIRE CONTINUED "IN THIS CONTEXT BOTH PARTIES CONSIDER LATER COLLABORATION BETWEEN THE TWO COUNTRIES POSSIBLE AND

CONVENIENT."

3. WITH RESPECT TO THE ALUMINUM PROJECT, THE AIDE MEMOIRE STATED, "BOTH SIDES AGREE ON THE NECESSITY OF UNDERTAKING TECHNICAL STUDIES TO DETERMINE MORE EXACTLY THE QUALITY, QUANTITY AND DISTRIBUTION OF BAUXITE." THE AIDE MEMOIRE ADDED THAT A GROUP OF HIGHLY-QUALIFIED SOVIET EXPERTS WOULD BE SENT TO COSTA RICA TO COOPERATE ON THIS MATTER WITH THEIR COSTA RICAN OPPOSITE NUMBERS.

4. A REPORT OF THE RESULTS OF THE WORK UNDERTAKEN BY THE SOVIET-COSTA RICAN SPECIALISTS WILL BE PRESENTED TO EACH GOVERNMENT AND THESE REPORTS TOGETHER WITH THE CORRESPONDENCE THAT HAS BEEN EXCHANGED BY THE PRESIDENTS OF THE TWO COUNTRIES WILL FORM THE BASIS THAT WILL PERMIT THE SIGNING OF A TECHNICAL AND ECONOMIC COOPERATION AGREEMENT, THE AIDE MEMOIRE ADDED.

5. COMMENT: BASED ON THE CONTENTS OF THE AIDE MEMOIRE, IT DOES NOT APPEAR THAT THE VISIT OF THE SOVIET DELEGATION LED TO ANY RESULTS BEYOND AGREEMENTS TO PARTICIPATE IN STUDIES OF ECONOMIC AND TECHNICAL FEASIBILITY. THIS IMPRESSION IS CONFIRMED BY A CONVERSATION WITH A KEY OFFICIAL OF THE COSTA RICAN ELECTRICITY INSTITUTE (ICE) WHICH PLAYED A LEADING ROLE IN EXPLORING WITH THE SOVIET DELEGATION THE POSSIBILITY FOR COOPERATION IN THE HYDROELECTRIC AND ALUMINUM DEVELOPMENT FIELDS.
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6. THE ICE OFFICIAL TOLD EMBOFF THAT HE BELIEVES COSTA RICA HAS COME THROUGH THE NEGOTIATIONS WITH THE SOVIETS WITHOUT AGREEING TO ANYTHING THAT WOULD IN ANY WAY INTERFERE WITH ICE'S ONGOING NEGOTIATIONS WITH INTERNATIONAL LENDING INSTITUTIONS AND WITH AMERICAN AND JAPANESE ALUMINUM COMPANIES FOR THE ESTABLISHMENT OF A HYDROELECTRIC DAM AND ALUMINUM SMELTER IN COSTA RICA. AVOIDING SUCH INTERFERENCE WAS ICE'S MAIN OBJECTIVE. ICE DECLINED SOVIET CONSULTING SERVICES ON THE HYDROELECTRIC DAM USING THE EXCUSE THAT IT DID NOT WISH TO SPEND MORE MONEY ON STUDIES UNTIL IT HAD A COMMITMENT TO CONSTRUCT AN ALUMINUM SMELTER. ICE ALSO REFUSED A SOVIET OFFER TO DO A COMPLETE STUDY OF THE WORLD ALUMINUM MARKET. ICE TOLD THE SOVIZNK THAT SUCH A STUDY WOULD NOT BE OF INTEREST TO COSTA RICA BUT WOULD RATHER BE THE BUSINESS OF THE CONSORTIUM OF PRIVATE ALUMINUM COMPANIES THAT WILL PRODUCE ALUMINUM IN COSTA RICA AND WILL HAVE THE TASK OF MARKETING IT

ABROAD -- ICE'S ONLYI

INTEREST IS IN PRODUCING THE POWER

THAT WOULD INTERFERE WITH THE MAIN SHOW BUT ALSO FAVORED
LOCAL INTERESTS IN SOUTHERN COSTA RICAN WHICH HAVE BEEN
CRITICAL OF THE GOVERNMENT FOR NOT MOVING MORE PROMPTLY
TO DEVELOP THE LOW-GRADE BAUXITE DEPOSITS THAT EXIST IN
THAT AREA.

8. THE SOVIETS DID NOT OFFER FINANCING FOR THE BORUCA
DAM, ACCORDING TO THE ICE OFFICIAL. THEY ONLY OFFERED
TO FINANCE EQUIPMENT THAT MIGHT BE PROCURED FROM THE SOVIET
UNPEN. THIS OFFER DID NOT REPRESENT ANYTHING NEW,
ACCORDING TO THE ICE OFFICIAL, BECAUSE A 1971
PROTOCOL BETWEEN THE SOVIET AND COSTA RICAN GOVERNMENTS
ALREADY OFFERED FAVORABLE TERMS (10 YEARS AT 3 PERCENT
INTEREST) TO COSTA RICAN ON PURCHASES OF EQUIPMENT
FROM THE SOVIET UNION.
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Message Attributes

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